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**REMARKS**

Claims 22-32 have been cancelled to expedite prosecution of the present application.

Claims 13 and 15-21 have been amended to correct obvious errors in dependency and in order to provide appropriate antecedent basis for terms therein.

New claim 33 finds antecedent basis in originally presented claim 15.

It is respectfully submitted that the present amendments obviate all outstanding rejections under 35 USC 112 and 101.

Claims 12-21 have been rejected under 35 USC 103(a) as being unpatentable over Gordon in view of Larsen and further in view of Sibley, Jr.

The present invention provides a method and a system for producing a blend output for use by a manufacturer to blend component ingredients to form a blended product. This method comprises first downloading, over a network, time-sensitive data representing the current cost of at least one material whose price fluctuates based at least in part on market conditions. This downloaded current cost information is used to calculate an actual cost of blending said product, and the difference between the actual blend cost and a model blend cost is automatically calculated. A blend output to form a blended product based at least in part on the calculation is then formulated. This methodology is an abrupt departure from conventional cost analysis, which keeps track of the price paid for the inventory unit being used in a formulation (i.e. in a static manner), rather than incorporating new and projected costs of ingredients to be used in a blended product. See paragraph 0012 of the present specification. The method and system provided by the present invention provides significant advantages, such as listed in paragraph 0019 of the present specification.

Gordon discloses an animal feed ration processing mill having individually controllable ingredient throughputs. The data relative to the ingredients (i.e. analysis data) relates only to static values for each ingredient, such as % protein, % calcium and

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so on. See column 2, lines 59-62. The only aspect of the Gordon system that relates to interactive online analysis is the ingredient flow data of actual addition rates of the ingredients. Thus, the "online analysis" aspect of this system relates only to the measurement of ingredient flow within the mill itself, and not to collection of external data. The Gordon mill system does not track cost at all. Further, the Gordon mill system does not contemplate downloading time-sensitive data representing the current cost of at least one material and using this information through a series of calculations to formulate a blended product based at least in part on the calculations.

It is noted that Larsen was newly cited in the Outstanding Office Action and was recited in the summary of the rejection, but was not discussed in the explanation of the rejection. Nevertheless, this reference will be discussed herein for completeness.

Larsen discloses a system for producing fodder pellets. In this system, the plant is controlled to ensure that pellets are made according to a recipe, wherein nutrient and water content is controlled while also controlling production costs. Column 1, lines 47-56. The recipe for the pellets is calculated to provide "the cheapest possible composition of the recipe taking into account only the biological values of the raw materials." Column 3, lines 55-58. Additional ingredient quantity limits are also defined to assure achievement of required physical characteristics of the pellets. While not expressly disclosed in this patent, presumably the cost of the raw materials is a data input for this calculation. This patent fails to disclose or suggest consideration of anything but static cost data for any ingredient. Thus, the Larsen disclosure does not bridge the gap between the Gordon disclosure and the present claims.

It is noted that Haeffner was not recited in the summary of the rejection, but was discussed in the explanation of the rejection. Nevertheless, this reference will be discussed herein for completeness.

Haeffner relates to a process for evaluation of an existing feedstuff to determine whether it needs supplementation, and whether the existing foodstuff can be economically enhanced to satisfy the desired nutritional profile as compared to the cost of existing competing feedstuff. This patent fails to disclose or suggest consideration of anything but static cost data for any ingredient. Thus, the Haeffner disclosure does not bridge the gap between the Gordon disclosure and the present claims.

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Sibley teaches a method and system for international commodity trade exchange, wherein commodity (such as wheat) prices are monitored in real time and bids can be made for buying and selling these commodities on an international basis. Sibley thus describes a sophisticated communication system for making purchases. This reference does not teach or suggest any use of price information other than for formulating a bid to purchase commodities. Sibley does not contemplate use of this information in a system for using updated time sensitive ingredient cost for formulating product output blends. Furthermore, Sibley does not teach or suggest a method or a system for producing a blend output for use by a manufacturer to blend component ingredients to form a blended product by downloading, over a network, time-sensitive data representing the current cost of at least one material whose price fluctuates based at least in part on market conditions and using this information to calculate an actual cost of blending said product and the difference between the actual blend cost and a model blend cost, to formulate a blend output to form a blended product based at least in part on these calculations.

None of the references, alone or in combination, suggests the unique use of updated cost information to formulate a blend output, as opposed to using static cost data relative to the actual amount paid for a particular lot of product. The person of ordinary skill would have no motivation from the references of record to utilize downloaded, time-sensitive cost data in such a unique way as presently provided, in order to formulate a blend output based not on static cost, but on calculated costs as described herein.

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**CONCLUSION**

In view of the amendments and remarks provided herein, Applicants respectfully submit that all of the pending claims are in condition for allowance, and respectfully request notification thereof. In the event that a phone conference between the Examiner and the Applicants' undersigned attorney would help resolve any remaining issues in the application, the Examiner is invited to contact the attorney at (651) 275-9811.

Respectfully Submitted,

Dated: January 31, 2005

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